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**HOUSING AUTHORITY OF THE TOWN OF COLFAX  
COLFAX, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED MARCH 31, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/29/03

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Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Commissioners  
**Housing Authority of the Town of Colfax**  
Colfax, Louisiana

We have audited the accompanying financial statements of the **Housing Authority of the Town of Colfax (HATC)**, as of and for the year ended March 31, 2002, as listed in the Table of Contents. These financial statements are the responsibility of **HATC's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HATC** as of March 31, 2002, and the results of its operations and cashflows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Commissioners  
Housing Authority of the Town of Colfax  
Colfax, Louisiana  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2002, on our consideration of HATC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, that report contained instances of noncompliance and reportable conditions.



**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**BALANCE SHEET--ENTERPRISE FUND**  
**MARCH 31, 2002**

---

**ASSETS**

|   |                        |
|---|------------------------|
| Cash and temporary cash investment (NOTE 2)         | \$ 70,929              |
| Amounts receivable, net (NOTE 12)                   | 133,214                |
| Investments (NOTE 3)                                | 137,713                |
| Prepaid and other assets, net                       | 23,496                 |
| Land, structures and equipment, net (NOTES 4 AND 6) | <u>1,490,185</u>       |
| <br>Total assets                                    | <br><u>\$1,855,537</u> |

**LIABILITIES AND EQUITY**

Liabilities:

|   |              |
|---|--------------|
| Amounts and other payables (NOTE 5)         | \$ 92,899    |
| Compensated absences payable                | 3,875        |
| Security deposits held for tenants (NOTE 2) | <u>4,070</u> |

|                   |                |
|-------------------|----------------|
| Total liabilities | <u>100,844</u> |
|-------------------|----------------|

Equity:

|                              |           |
|------------------------------|-----------|
| Contributed capital (NOTE 6) | 1,949,419 |
|------------------------------|-----------|

Retained deficit:

|                             |                  |
|-----------------------------|------------------|
| Unreserved retained deficit | <u>(194,726)</u> |
|-----------------------------|------------------|

|              |                  |
|--------------|------------------|
| Total equity | <u>1,754,693</u> |
|--------------|------------------|

|                              |                    |
|------------------------------|--------------------|
| Total liabilities and equity | <u>\$1,855,537</u> |
|------------------------------|--------------------|

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**RETAINED DEFICIT--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

|                                     |                           |
|-------------------------------------|---------------------------|
| Operating Revenues:                 |                           |
| Dwelling rental                     | \$ 90,144                 |
| Other income                        | <u>10,121</u>             |
| Total operating revenues            | <u>100,265</u>            |
| Operating Expenses:                 |                           |
| Salaries and employee benefits      | 98,483                    |
| Materials                           | 12,142                    |
| Contractual services                | 22,182                    |
| Utilities                           | 24,100                    |
| Depreciation                        | 198,166                   |
| Insurance                           | 23,672                    |
| Housing assistance payments         | 132,802                   |
| Convention and travel               | 1,643                     |
| Payment in lieu of taxes            | 6,430                     |
| General (NOTE 13)                   | 61,908                    |
| Bad debt                            | <u>4,172</u>              |
| Total operating expenses            | <u>585,700</u>            |
| Operating loss                      | <u>(485,435)</u>          |
| Non-operating Revenues:             |                           |
| Grants and subsidies                | 432,159                   |
| Interest income                     | <u>8,835</u>              |
| Total non-operating revenues        | <u>440,994</u>            |
| Net loss                            | (44,441)                  |
| Retained deficit, beginning of year | <u>(150,285)</u>          |
| Retained deficit, end of year       | <u><u>\$(194,726)</u></u> |

The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**STATEMENT OF CASH FLOWS--ENTERPRISE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

|  |                         |
|--|-------------------------|
| Operating loss   | \$(485,435)             |
| Adjustments to reconcile operating loss to<br>net cash used in operating activities: |                         |
| Depreciation   | 198,166                 |
| Bad debt expense   | 4,172                   |
| Increase in amounts receivable, net  | (110,671)               |
| Increase in prepaid and other assets   | (19,259)                |
| Increase in amounts and other payable  | 71,060                  |
| Decrease in security deposits held for tenants                                       | (84)                    |
| Increase in compensated absences payable   | <u>4</u>                |
| Net cash used in operating activities  | <u>(342,047)</u>        |
| Cash Flows from Investing Activities:  |                         |
| Interest received  | 8,835                   |
| Proceeds from maturities of investments  | 168,670                 |
| Purchase of investments  | <u>(137,713)</u>        |
| Cash provided by investing activities  | <u>39,792</u>           |
| Cash Flows from Noncapital Financing Activities:                                     |                         |
| Subsidies from Federal and City grants and other                                     | <u>432,159</u>          |
| Cash provided by noncapital financing activities                                     | <u>432,159</u>          |
| Cash Flows from Capital and Related Financing Activities:                            |                         |
| Acquisition of fixed assets  | (56,632)                |
| Contributed capital  | (65,767)                |
| Other changes, net   | <u>3,236</u>            |
| Net cash used in capital and related financing activities                            | <u>(119,163)</u>        |
| Net increase in cash and temporary cash investment                                   | 10,741                  |
| Cash and temporary cash investment, beginning of year                                | <u>60,188</u>           |
| Cash and temporary cash investment, end of year                                      | \$ <u><u>70,929</u></u> |
| Interest paid during the fiscal year ended March 31, 2002                            | \$ <u><u>-0-</u></u>    |

The accompanying notes are an integral part of the financial statements.



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS

---

NOTE 1 - Background and General Data:

Background

The **Housing Authority of the Town of Colfax (HATC)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HATC** has been contracted by HUD to administer Low-Income and Housing Choice Voucher Programs, respectively, under Annual Contribution Contracts.

As of March 31, 2002, **HATC** was primarily engaged in the administration of Low-Income and Housing Choice Voucher Programs to Low-Income residents in the town of Colfax, Louisiana. Under the Low-Income Program, **HATC** provides eligible families housing under leasing arrangements. For the Housing Choice Voucher Program, **HATC** provides funds in the form of rental subsidies to owners on behalf of eligible tenants.

Financial Reporting Entity

**HATC** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Colfax.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued

Financial Reporting Entity, Continued

**HATC** was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HATC** is a financial reporting entity within the meaning of the provisions of GASB 14.

Basis of Presentation

As required by Louisiana State Reporting Law (LA-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HATC** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HATC** applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. **HATC's** fund include the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued:

Basis of Presentation, Continued

During the year ended March 31, 2002, **HATC** adopted the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions) effective for fiscal years that began after June 15, 2000.

Under GASB 33 Standards, **HATC** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **HATC** recognizes assets and liabilities when all applicable eligibility requirements are met for or resources received whichever is first;
- Revenues and expenses are recognized when all applicable, eligibility requirements are met;
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **HATC** as deferred revenue upon award.

Budgets

**HATC** prepares an annual budget for its proprietary fund. Prior to the beginning of the calendar year on January 1, the annual budget is approved by **HATC's** Board of Commissioners. Budgetary amendments require approval by the Board.

**HATC** does not present its budgeted to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America does not require such, despite adoption of an annual budget by **HATC's** Board.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 1 - Background and General Data, Continued:

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Statement of Cashflows

For purposes of the statement of cashflows, **HATC** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments.

Land, Structures and Equipment

Land, structures and equipment are recorded at cost. Donated assets are valued at estimated fair value on the date donated. When no historical records are available, fixed assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 1 - Background and General Data, Continued:

Land, Structures and Equipment, Continued

Structures and equipment with cost of \$150 or more are capitalized and depreciated in the enterprise fund of HATC using the following estimated useful lives:

| <u>Assets</u>         | <u>Estimated<br/>Useful Lives</u> |
|-----------------------|-----------------------------------|
| Land improvements     | 15                                |
| Building              | 33                                |
| Building improvements | 15                                |
| Equipment             | 3-7                               |

Compensated Absences

HATC follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 1 - Background and General Data, Continued

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs.

Interprogram due from and to are netted at the combined financial statements level.

NOTE 2 - Cash and Temporary Cash Investment:

At March 31, 2002, HATC's cash and temporary cash investment was as follows:

| <u>Description</u> | <u>Interest<br/>Rate (%)</u> | <u>Maturity</u> | <u>Carrying<br/>Value</u> | <u>Approximate<br/>Market<br/>Value</u> |
|--------------------|------------------------------|-----------------|---------------------------|---|
| Cash               | 1.5                          | N/A             | <u>\$70,929</u>           | <u>\$70,929</u>                         |

Included in cash and temporary cash investment at March 31, 2002, are tenant security deposits of \$4,070.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 2 - Cash and Temporary Cash Investment, Continued:

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HATC**.

At March 31, 2002, the carrying amount of **HATC**'s cash deposits was \$70,929 and the cumulative bank balance was \$96,240. The bank balance is covered by federal depository insurance and collateral held by the pledging institution's agent in **HATC**'s name.

Cash and temporary cash investment is categorized as Category 1. Category 1 represents cash and temporary cash investment insured or collateralized with securities held by the pledging financial institution's trust department or agent in **HATC**'s name.

NOTE 3 - Investments:

At March 31, 2002, investments consisted of certificates of deposit as follows:

| <u>Description</u>     | <u>Interest<br/>Rate (%)</u> | <u>Maturity</u> | <u>Carrying<br/>Value</u> | <u>Approximate<br/>Market<br/>Value</u> |
|------------------------|------------------------------|-----------------|---------------------------|---|
| Certificate of Deposit | 1.26                         | 09/30/02        | \$ 41,767                 | \$ 41,767                               |
| Certificate of Deposit | 3.10                         | 08/04/02        | 85,946                    | 85,946                                  |
| Certificate of Deposit | 2.75                         | 04/28/03        | <u>10,000</u>             | <u>10,000</u>                           |
|                        |                              |                 | <u>\$137,713</u>          | <u>\$137,713</u>                        |



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 4 - Land, Structures and Equipment:

At March 31, 2002, land, structures and equipment consisted of the following:

|                                     | Balance<br><u>April 1, 2001</u> | <u>Additions</u>   | Other<br><u>Changes</u> | Balance<br><u>March 31, 2002</u> |
|-------------------------------------|---------------------------------|--------------------|-------------------------|----------------------------------|
| Land and land improvements          | \$ 422,597                      | \$ 46,854          | \$ -0-                  | \$ 469,451                       |
| Buildings and building improvements | 4,070,449                       | 9,219              | -0-                     | 4,079,668                        |
| Equipment                           | <u>100,034</u>                  | <u>559</u>         | <u>-0-</u>              | <u>100,593</u>                   |
|                                     | 4,593,080                       | 56,632             | -0-                     | 4,649,712                        |
| Less accumulated depreciation       | <u>(2,958,125)</u>              | <u>(198,166)</u>   | <u>(3,236)</u>          | <u>(3,159,527)</u>               |
| Total                               | <u>\$ 1,634,955</u>             | <u>\$(141,534)</u> | <u>\$(3,236)</u>        | <u>\$ 1,490,185</u>              |

NOTE 5 - Amounts and Other Payables:

At March 31, 2002, amounts and other payables consisted of the following:

|                                 |                 |
|---------------------------------|-----------------|
| Vendors                         | \$ 6,440        |
| Accrued wages and taxes payable | 310             |
| HUD                             | 80,217          |
| Other                           | <u>5,932</u>    |
|                                 | <u>\$92,899</u> |



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 6 - Contributed Capital:

At March 31, 2002, contributed capital consisted primarily of reclassification of HUD guaranteed debt previously recorded on the books of HATC as payable by HUD and secured by annual contributions. The debt does not constitute an obligation of HATC and accordingly has not been reported in the accompanying financial statements. Contributed capital also includes the net of accumulated expenses, grants and subsidies of HATC. An analysis of contributed capital follows:

|                         |                    |
|-------------------------|--------------------|
| Balance, April 1, 2001  | \$2,014,912        |
| Reduction               | <u>(65,493)</u>    |
| Balance, March 31, 2002 | <u>\$1,949,419</u> |

NOTE 7 - Retirement System:

Plan Description

HATC participates in a single employer defined contribution plan.

Plan Funding

Funding for the system is through a contribution of 8.5% and 6.5% by HATC and its employees, respectively. The contribution amount is based on the employee's base salary each month. HATC's contributions for each employer vests at a rate of twenty (20%) percent annually for each year of participation.

HATC's gross payroll for the year ended March 31, 2002, was \$74,683. HATC and employee contributions made for the year ended March 31, 2002 amounted to \$14,259.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

---

NOTE 8 - Risk Management:

**HATC** is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HATC** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

**HATC** receives primarily all of its revenues from dwelling rentals and HUD. If the amount of revenues received from both dwelling rentals and HUD falls below contract levels, **HATC's** operating results could be adversely affected.

NOTE 10 - Contingencies:

**HATC** is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HATC**. These examinations may result in required refunds by **HATC** to the agencies and/or program beneficiaries.

NOTE 11 - Commitments:

At March 31, 2002, **HATC** has executed a capital fund program awards with HUD in the amount of \$559,180. Cumulative outstanding commitments at March 31, 2002 was \$403,633.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 12 - Amounts Receivable:

At March 31, 2002, amounts receivable consisted of the following:

|   |                  |
|---|------------------|
| Amounts receivable - HUD                | \$128,789        |
| Amounts receivable - tenants            | 6,056            |
| Amounts receivable - other              | 274              |
| Accrued interest receivable             | <u>2,094</u>     |
|   | 137,213          |
| Less allowance for doubtful<br>accounts | <u>(3,999)</u>   |
| Amounts receivable, net                 | <u>\$133,214</u> |

NOTE 13 - General:

Included in general is \$39,573 paid to a bonding company which assumed liabilities for the completion of a modernization project for which the contractor defaulted. The amount represented funds remaining with the HATC after liquidation of all outstanding debt by the bonding company.

## **SUPPLEMENTARY INFORMATION**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcido J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners  
**Housing Authority of the Town of Colfax**  
Colfax, Louisiana

Our report on our audit of the financial statements of the **Housing Authority of the Town of Colfax (HATC)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II, III, and IV) which are prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002

SCHEDULE I

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

| <u>Federal Grantor</u>  | <u>CFDA Number</u> | <u>Federal Expenditures</u> |
|---|--------------------|-----------------------------|
| Program funded by the U.S. Department of Housing and Urban Development (HUD): |                    |                             |
| <u>Subject to Annual Contributions Contracts</u>                              |                    |                             |
| Public and Indian Housing Operating Subsidy                                   | 14.850*            | \$136,246                   |
| Public and Indian Housing Comprehensive Improvement Assistance Program        | 14.852*            | 141,185                     |
| **Housing Choice Voucher Program  | 14.871*            | 73,870                      |
| **Section 8 Certificate Program   | 14.857             | <u>80,858</u>               |
| Total   |                    | <u>\$432,159</u>            |

\*Denotes major program as defined by OMB A-133

\*\*Denotes cluster program

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of HATC and is presented on an accrual basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET**  
**MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>                                 | <u>Public Housing Low Rent Program</u> | <u>Public Housing Comprehensive Improvement Assistance Program</u> | <u>Housing Choice Voucher Program</u> | <u>Section 8 Certificate Program</u> | <u>Totals (Memorandum Only)</u> |
|----------------------|--|--|--|---------------------------------------|--------------------------------------|---------------------------------|
| 111                  | Cash - unrestricted  | \$ 66,859                              | \$ -0-   | \$ -0-                                | \$ -0-                               | \$ 66,859                       |
| 114                  | Cash - tenant security deposits                            | <u>4,070</u>                           | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>4,070</u>                    |
| 100                  | Total cash   | <u>70,929</u>                          | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>70,929</u>                   |
| 122                  | Accounts receivable - HUD other projects                   | -0-                                    | 29,612   | 18,960                                | 80,217                               | 128,789                         |
| 125                  | Accounts receivable - miscellaneous                        | -0-                                    | -0-  | 274                                   | -0-                                  | 274                             |
| 126                  | Accounts receivable - tenants dwelling rents               | 6,056                                  | -0-  | -0-                                   | -0-                                  | 6,056                           |
| 126.1                | Allowance for doubtful accounts-dwelling rents             | (3,999)                                | -0-  | -0-                                   | -0-                                  | (3,999)                         |
| 129                  | Accrued interest receivable                                | <u>2,094</u>                           | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>2,094</u>                    |
| 120                  | Total receivables, net of allowances for doubtful accounts | <u>4,151</u>                           | <u>29,612</u>  | <u>19,234</u>                         | <u>80,217</u>                        | <u>133,214</u>                  |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2002**

| Line Item No. | Account Description                                 | Public Housing Low Rent Program | Public Housing Comprehensive Improvement Assistance Program | Housing Choice Voucher Program | Section 8 Certificate Program | Totals (Memorandum Only) |
|---------------|---|---------------------------------|---|--------------------------------|-------------------------------|--------------------------|
| 131           | Investments   | \$ 137,713                      | \$ -0-  | \$ -0-                         | \$ -0-                        | \$ 137,713               |
| 142           | Prepaid expenses and other assets                   | 22,565                          | -0-   | -0-                            | -0-                           | 22,565                   |
| 143           | Inventories   | 931                             | -0-   | -0-                            | -0-                           | 931                      |
| 144           | Interprogram due from                               | <u>29,612</u>                   | <u>-0-</u>  | <u>4,000</u>                   | <u>-0-</u>                    | <u>33,612</u>            |
| 150           | Total current assets                                | <u>265,901</u>                  | <u>29,612</u>   | <u>23,234</u>                  | <u>80,217</u>                 | <u>398,964</u>           |
| 161           | Land  | 2,906                           | -0-   | -0-                            | -0-                           | 2,906                    |
| 162           | Buildings   | 4,079,668                       | -0-   | -0-                            | -0-                           | 4,079,668                |
| 163           | Furniture, equipment & machinery-dwellings          | 53,377                          | -0-   | -0-                            | -0-                           | 53,377                   |
| 164           | Furniture, equipment & machinery-administration     | 46,298                          | -0-   | -0-                            | 918                           | 47,216                   |
| 165           | Leasehold improvements                              | 466,545                         | -0-   | -0-                            | -0-                           | 466,545                  |
| 166           | Accumulated depreciation                            | <u>(3,158,609)</u>              | <u>-0-</u>  | <u>-0-</u>                     | <u>(918)</u>                  | <u>(3,159,527)</u>       |
| 160           | Total fixed assets, net of accumulated depreciation | <u>1,490,185</u>                | <u>-0-</u>  | <u>-0-</u>                     | <u>-0-</u>                    | <u>1,490,185</u>         |
| 180           | Total non-current assets                            | <u>1,490,185</u>                | <u>-0-</u>  | <u>-0-</u>                     | <u>-0-</u>                    | <u>1,490,185</u>         |
| 190           | Total   | <u>\$ 1,756,086</u>             | <u>\$29,612</u>   | <u>\$23,234</u>                | <u>\$80,217</u>               | <u>\$ 1,889,149</u>      |

See Independent Auditors' Report on Supplementary Information.



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>          | <u>Public Housing Low Rent Program</u> | <u>Public Housing Comprehensive Improvement Assistance Program</u> | <u>Housing Choice Voucher Program</u> | <u>Section 8 Certificate Program</u> | <u>Totals (Memorandum Only)</u> |
|----------------------|-------------------------------------|--|--|---------------------------------------|--------------------------------------|---------------------------------|
| 312                  | Accounts payable ≤90 days           | \$ 6,440                               | \$ -0-   | \$ -0-                                | \$ -0-                               | \$ 6,440                        |
| 321                  | Accrued wages/payroll taxes payable | 310                                    | -0-  | -0-                                   | -0-                                  | 310                             |
| 322                  | Accrued compensated absences        | 3,875                                  | -0-  | -0-                                   | -0-                                  | 3,875                           |
| 331                  | Accounts payable - HUD PHA Programs | -0-                                    | -0-  | -0-                                   | 80,217                               | 80,217                          |
| 333                  | Accounts payable - other government | 5,932                                  | -0-  | -0-                                   | -0-                                  | 5,932                           |
| 341                  | Tenant security deposits            | 4,070                                  | -0-  | -0-                                   | -0-                                  | 4,070                           |
| 347                  | Interprogram due to                 | <u>4,000</u>                           | <u>29,612</u>  | <u>-0-</u>                            | <u>-0-</u>                           | <u>33,612</u>                   |
| 310                  | Total current liabilities           | <u>24,627</u>                          | <u>29,612</u>  | <u>-0-</u>                            | <u>80,217</u>                        | <u>134,456</u>                  |
| 300                  | Total liabilities                   | <u>24,627</u>                          | <u>29,612</u>  | <u>-0-</u>                            | <u>80,217</u>                        | <u>134,456</u>                  |
| 504                  | Net HUD PHA contributions           | <u>1,949,419</u>                       | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>1,949,419</u>                |
| 508                  | Total contributed capital           | <u>1,949,419</u>                       | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>1,949,419</u>                |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED**  
**MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>                            | <u>Public Housing<br/>Low Rent<br/>Program</u> | <u>Public Housing<br/>Comprehensive<br/>Improvement<br/>Assistance<br/>Program</u> | <u>Housing<br/>Choice<br/>Voucher<br/>Program</u> | <u>Section 8<br/>Certificate<br/>Program</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|----------------------|---|--|--|---|--|---|
| 512                  | Undesignated fund balance/retained earnings (deficit) | \$ (217,960)                                   | \$ -0-   | \$ 23,234   | \$ -0-                                       | \$ (194,726)                            |
| 513                  | Total equity  | 1,731,459                                      | -0-  | 23,234  | -0-  | \$ 1,754,693                            |
| 600                  | Total liabilities and equity                          | \$ 1,756,086                                   | \$ 29,612  | \$ 23,234   | \$ 80,217                                    | \$ 1,889,149                            |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>       | <u>Public Housing Low Rent Program</u> | <u>Public Housing Comprehensive Improvement Assistance Program</u> | <u>Housing Choice Voucher Program</u> | <u>Section 8 Certificate Program</u> | <u>Totals (Memorandum Only)</u> |
|----------------------|----------------------------------|--|--|---------------------------------------|--------------------------------------|---------------------------------|
| 703                  | Net tenant rental revenue        | \$ 90,144                              | \$ -0-   | \$ -0-                                | \$ -0-                               | \$ 90,144                       |
| 704                  | Tenant revenue - other           | <u>10,121</u>                          | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>10,121</u>                   |
| 705                  | Total tenant revenues            | <u>100,265</u>                         | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>100,265</u>                  |
| 706                  | HUD PHA grants                   | 136,246                                | 21,651   | 73,870                                | 80,858                               | 312,625                         |
| 706.1                | Capital grants                   | -0-                                    | 119,534  | -0-                                   | -0-                                  | 119,534                         |
| 711                  | Investment income - unrestricted | <u>8,835</u>                           | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>8,835</u>                    |
| 700                  | Total revenues                   | <u>245,346</u>                         | <u>141,185</u>   | <u>73,870</u>                         | <u>80,858</u>                        | <u>541,259</u>                  |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>                        | <u>Public Housing<br/>Housing<br/>Low Rent<br/>Program</u> | <u>Public Housing<br/>Comprehensive<br/>Improvement<br/>Assistance<br/>Program</u> | <u>Housing<br/>Choice<br/>Voucher<br/>Program</u> | <u>Section 8<br/>Certificate<br/>Program</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|----------------------|---|--|--|---|--|---|
| 911                  | Administrative salaries                           | \$ 26,324  | \$ -0-   | \$ 2,000  | \$ 7,999                                     | \$ 36,323                               |
| 914                  | Compensated absences                              | 1,810  | -0-  | 54  | 216  | 2,080                                   |
| 915                  | Employee benefit contributions-<br>administrative | 7,581  | -0-  | 687   | 2,752  | 11,020                                  |
| 916                  | Other operating-administrative                    | 23,575   | -0-  | 385   | 921  | 24,881                                  |
| 931                  | Water   | 13,542   | -0-  | -0-   | -0-  | 13,542                                  |
| 932                  | Electricity                                       | 3,143  | -0-  | -0-   | -0-  | 3,143                                   |
| 938                  | Other utilities expense                           | 6,883  | -0-  | -0-   | -0-  | 6,883                                   |
| 933                  | Gas   | 532  | -0-  | -0-   | -0-  | 532                                     |
| 941                  | Ordinary maintenance and operations<br>-labor     | <u>38,091</u>  | <u>-0-</u>   | <u>-0-</u>  | <u>-0-</u>                                   | <u>38,091</u>                           |
|                      | Page total  | <u>121,481</u>   | <u>-0-</u>   | <u>3,126</u>                                      | <u>11,888</u>                                | <u>136,495</u>                          |

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>                               | <u>Public Housing Low Rent Program</u> | <u>Public Housing Comprehensive Improvement Assistance Program</u> | <u>Housing Choice Voucher Program</u> | <u>Section 8 Certificate Program</u> | <u>Totals (Memorandum Only)</u> |
|----------------------|--|--|--|---------------------------------------|--------------------------------------|---------------------------------|
| 942                  | Ordinary maintenance and operations- materials and other | \$ 12,142                              | \$ -0-   | \$ -0-                                | \$ -0-                               | \$ 12,142                       |
| 943                  | Ordinary maintenance and operations- contract costs      | 18,154                                 | -0-  | -0-                                   | -0-                                  | 18,154                          |
| 945                  | Employee benefit contributions- ordinary maintenance     | 10,969                                 | -0-  | -0-                                   | -0-                                  | 10,969                          |
| 961                  | Insurance premiums                                       | 22,913                                 | -0-  | 152                                   | 607                                  | 23,672                          |
| 962                  | Other general expenses                                   | 42,698                                 | -0-  | -0-                                   | -0-                                  | 42,698                          |
| 963                  | Payment in lieu of taxes                                 | 6,430                                  | -0-  | -0-                                   | -0-                                  | 6,430                           |
| 964                  | Bad debt - tenant rents                                  | <u>4,172</u>                           | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>4,172</u>                    |
| 969                  | Total operating expenses                                 | <u>238,959</u>                         | <u>-0-</u>   | <u>3,278</u>                          | <u>12,495</u>                        | <u>254,732</u>                  |
| 970                  | Excess of operating revenues over operating expenses     | <u>6,387</u>                           | <u>141,185</u>   | <u>70,592</u>                         | <u>68,363</u>                        | <u>286,527</u>                  |

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE III**  
**Page 4 of 4**

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

| <u>Line Item No.</u> | <u>Account Description</u>                              | <u>Public Housing Low Rent Program</u> | <u>Public Housing Comprehensive Improvement Assistance Program</u> | <u>Housing Choice Voucher Program</u> | <u>Section 8 Certificate Program</u> | <u>Total (Memorandum Only)</u> |
|----------------------|---|--|--|---------------------------------------|--------------------------------------|--------------------------------|
| 973                  | Housing assistance payments                             | \$ -0-                                 | \$ -0-   | \$70,823                              | \$61,979                             | \$ 132,802                     |
| 974                  | Depreciation expense                                    | <u>198,166</u>                         | <u>-0-</u>   | <u>-0-</u>                            | <u>-0-</u>                           | <u>198,166</u>                 |
| 900                  | Total expenses  | <u>437,125</u>                         | <u>-0-</u>   | <u>74,101</u>                         | <u>74,474</u>                        | <u>585,700</u>                 |
| 1001                 | Other Financing Sources (Uses):                         |  |  |                                       |                                      |                                |
| 1002                 | Operating transfer in                                   | 141,185                                | -0-  | 6,384                                 | -0-                                  | 147,569                        |
|                      | Operating transfer out                                  | <u>-0-</u>                             | <u>(141,185)</u>   | <u>-0-</u>                            | <u>(6,384)</u>                       | <u>(147,569)</u>               |
|                      | Total other financing sources (uses)                    | <u>141,185</u>                         | <u>(141,185)</u>   | <u>6,384</u>                          | <u>(6,384)</u>                       | <u>-0-</u>                     |
| 1000                 | Excess (deficiency) of operating revenues over expenses | <u>\$(50,594)</u>                      | <u>\$ -0-</u>  | <u>\$ 6,153</u>                       | <u>\$ -0-</u>                        | <u>\$ (44,441)</u>             |

See Independent Auditors' Report on Supplementary Information.

**SCHEDULE IV**

**HOUSING AUTHORITY OF THE TOWN OF COLFAX  
COLFAX, LOUISIANA  
STATEMENT OF ACTUAL MODERNIZATION COST  
(INCOMPLETE)  
FROM INCEPTION THROUGH THE YEAR ENDED MARCH 31, 2002**

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|                              |                        |
|------------------------------|------------------------|
|                              | <u>LA 48P122906-99</u> |
| Funds approved               | \$ 170,379             |
| Funds expended               | <u>(155,547)</u>       |
| Excess of funds approved     | \$ <u>14,832</u>       |
| <br>Funds Advanced:          |                        |
| Grant funding                | \$ <u>125,935</u>      |
| Total funds advanced         | 125,935                |
| Funds expended               | <u>(155,547)</u>       |
| Deficiency of funds advanced | \$ <u>(29,612)</u>     |

See Independent Auditors' Report on Supplementary Information.



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

---

Board of Commissioners  
**Housing Authority of the Town of Colfax**  
Colfax, Louisiana

We have audited the financial statements of the **Housing Authority of the Town of Colfax (HATC)** as of and for the year ended March 31, 2002, and have issued our report thereon dated August 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether **HATC's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2002-01 and 2002-02.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

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(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered HATC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over reporting that, in our judgement, could adversely affect HATC's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2002-02 and 2002-03.

We also noted other matters involving internal control over financial reporting, which we have reported to management of HATC in a separate letter dated August 28, 2002.

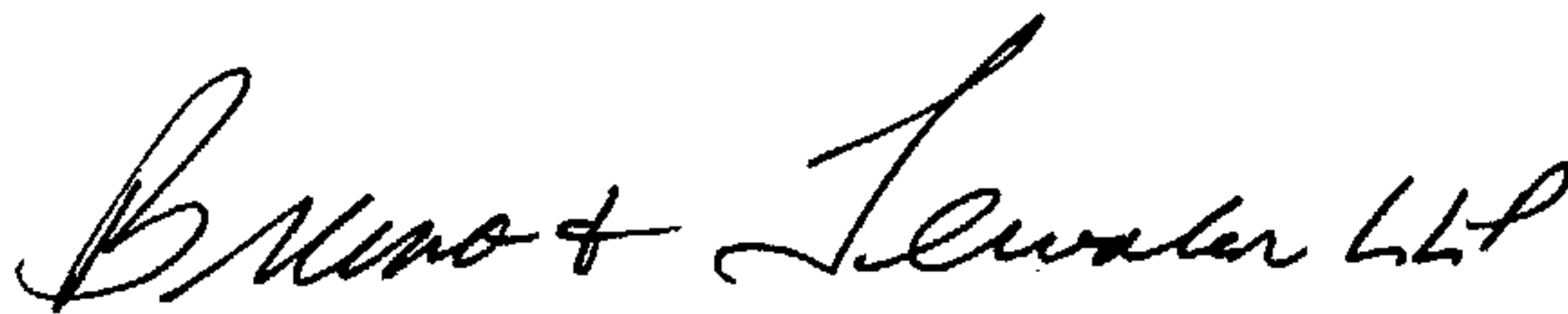
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe that none of the reportable conditions described is a material weakness.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  

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(CONTINUED)

This report is intended solely for the information and use of the Board of Commissioners, HATC's management, the Legislative Auditor, State of Louisiana and the United States Department of Housing and Urban Development and is not intended to, and should not be used by anyone other than those specified parties.



**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
**Housing Authority of the Town of Colfax**  
Colfax, Louisiana

**Compliance**

We have audited the compliance of the **Housing Authority of the Town of Colfax (HATC)** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2002. **HATC's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **HATC's** management. Our responsibility is to express an opinion on **HATC's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **HATC's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on **HATC's** compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

As described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2002-04 through 2002-07, **HATC** did not comply with the requirements of Section 15 of the Consolidated Annual Contributions Contract, and the procurement and eligibility requirements of OMB Circular A-133 that are applicable to **HATC's** major federal programs. Compliance with such requirements is necessary, in our opinion, for **HATC** to comply with the requirements, referred to above that are applicable to its major federal programs.

In our opinion, except for the noncompliance described in the preceding paragraph, **HATC** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2002.

**Internal Control Over Compliance**

The management of **HATC** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **HATC's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **HATC's** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2002-04 and 2002-07.



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, HATC's management, the Legislative Auditor, State of Louisiana, and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Reportable condition (s) identified  
that are not considered to be material  
weaknesses? Yes

Noncompliance material to financial  
statements noted? No

*Federal Awards*

Internal Control Over Major Programs:

- Material weakness(es) identified? No
- Reportable condition(s) identified  
that are not considered to be  
material weakness(es)? Yes

Type of auditor's report issued on compliance  
for major programs: Qualified

Any audit findings disclosed that are  
required to be reported in accordance  
with section 510(a) of Circular A-133? Yes

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>                              |
|--------------------|--|
| 14.850             | Public and Indian Housing Operating Subsidy                            |
| 14.852             | Public and Indian Housing Comprehensive Improvement Assistance Program |
| 14.871             | Housing Choice Voucher Program   |

|  |           |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
|--|-----------|

|  |    |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

**Section II - Financial Statement Findings**

**Reference Number**

2002-01

**Federal Program**

All programs (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to Louisiana Revised Statute 24:513, all completed engagements are required to be submitted to the Legislative Auditor within six months of close of the entity's year-end.

**Condition**

The March 31, 2002 audited financial statements and reports for **HATC** were not submitted within the timeframe dictated by Louisiana Revised Statute 24:513.

**Questioned Costs**

None.

**Effect**

Noncompliance with the report submission requirements of Louisiana Revised Statute 24:513.

**Cause**

Management turnover coupled with **HATC's** "Troubled" housing designation.



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2002-01

**Recommendation**

We recommend that **HATC** undertaken the necessary action to facilitate the timely submission of its audited financial statements and report.

**Management's Response**

On September 3, 2002, a new Executive Director was hired by **HATC's** Board of Commissioners. For the year ending March 31, 2003, audit services procurement will be accomplished in a timely manner to ensure the timely submission of the audited financial statements.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section II - Financial Statement Findings, Continued**

**Reference Number**

2002-02

**Federal Program**

All programs (See Schedule of Expenditures of Federal Awards).

**Criteria**

The management of **HATC** is responsible for establishing and maintaining an effective internal control system as described by OMB Circular A-133.

**Condition**

The operations of **HATC**'s internal control over financial reporting exhibited the following deficiencies:

- Our review of thirty-nine (39) cash disbursements for various months during the audit period revealed thirty-five (35) instances where invoices supporting disbursements made were not cancelled to minimize the potential for duplicate bill payment.
- Of the thirty-nine (39) cash disbursements reviewed, we also noted thirty-five (35) instances where mathematical verification of the invoiced amounts was not performed by personnel for **HATC**.
- Furthermore, our review of the thirty-nine (39) cash disbursements previously discussed revealed four (4) instances of improper account distribution.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2002-02

**Condition, Continued**

- Bank account reconciliations for HATC contained outstanding checks bearing dates back to 1999.
- Tenant accounts receivable balance at March 31, 2002 of \$5,539.77 contained balances due from inactive tenants in the amount of \$3,998.77.
- Our review of a timesheet submitted by an employee for payroll processing, revealed no indication of supervisory review and/or approval.
- Lack of a current accounting manual.

**Questioned Cost**

None.

**Effect**

A weakened internal control increases the potential risk for errors and/or fraudulent activity.

**Cause**

HATC has an inadequate oversight system.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2002-02

**Recommendation**

Management should re-evaluate current internal controls with an aim toward improving the existing procedures and processes to include greater Board oversight.

Specifically, HATC should investigate the status of all stale dated checks for immediate resolution coupled with the establishment of a policy to facilitate the timely identification and resolution of all stale dated checks.

Also, all timesheets submitted by staff should be reviewed by their immediate supervisor with an initialing by HATC's personnel to evidence their approval. Finally, a formal accounting manual should be developed to provide a basis for the completeness and consistency in application of accounting practices and processes.

**Management's Response**

The new Executive Director now reviews all timesheets and performs signature approval. Tenant accounts receivable balances considered uncollectible were authorized for write-off by the Board of Commissioners in their October 2002 Board meeting. All bank reconciliation review procedures are under scrutiny to eliminate stale checks. Anticipated completion date is January 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section II - Financial Statement Findings, Continued**

**Reference Number**

2002-03

**Federal Program**

All programs (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of financial statements and reports in accordance with HUD requirements and to permit timely and effective audits”.

Furthermore, in accordance with 24 CFR part 85, HATC’s procurement policies, and Federal and State regulations, all procurements made should be supported in sufficient detail to justify award by the Contracting Officer or designee.

**Condition**

- Our review of thirty-nine (39) cash disbursements revealed twenty-six (26) instances where the required documentation to support the basis and type of procurement process used and resulting conclusions were unavailable.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2002-03

**Questioned Cost**

\$110,972

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contributions Contract, HATC's policies and Federal and State regulations.

**Cause**

Lack of a system to ensure compliance with established procurement policies and regulations.

**Recommendation**

Management should institute the necessary procedures to facilitate the adequate planning, procurement, monitoring and evaluation of all goods and services subject to HATC's procurement policies well as Federal and State regulations, as applicable.

**Management's Response**

HATC is currently reviewing and realigning all procurement policies. The purchase of all goods and services are being evaluated by the Executive Director. Training for personnel will also be scheduled as required. Anticipated completion date is February 28, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

**Section III - Federal Award Findings and Questioned Costs**

**Reference Number**  
2002-04

**Federal Programs**

All programs (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to Section 15 of the Consolidated Annual Contributions Contract:

“The HA must maintain complete and accurate books of account for the projects of the HA in such a manner as to permit the preparation of financial statements and reports in accordance with HUD requirements and to permit timely and effective audits”.

Furthermore, in accordance with 24 CFR part 85, HATC’s procurement policies, and Federal and State regulations, all procurements made should be supported in sufficient detail to justify award by the Contracting Officer or designee.

**Condition**

- Our review of thirty-nine (39) cash disbursements revealed twenty-six (26) instances where the required documentation to support the basis and type of procurement process used and resulting conclusions were unavailable.



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2002-04

**Questioned Cost**

\$110,972

**Effect**

Noncompliance with Section 15 of the Consolidated Annual Contributions Contract, HATC's policies and Federal and State regulations.

**Cause**

Lack of a system to ensure compliance with established procurement policies and regulations.

**Recommendation**

Management should institute the necessary procedures to facilitate the adequate planning, procurement, monitoring and evaluation of all goods and services subject to HATC's procurement policies as well as Federal and State regulations, as applicable.

**Management's Response**

The HATC is currently reviewing and realigning all procurement policies. The purchase of all goods and services are being evaluated by the Executive Director. Training for personnel will also be scheduled as required. Anticipated completion date is February 28, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**  
2002-05

**Federal Program**

Housing Choice Voucher Program (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to A-102, Common Rule Section 21, OMB Circular A-110, Section 22 and HUD regulations regarding the requisition of Section 8 funds.

**Condition**

Our review of documents to include HUD Form 52663 (Requisition for Partial Payment of Annual Contributions) revealed the untimely submission of information to HUD, in accordance with HUD requirements.

**Questioned Costs**

None.

**Effect**

Noncompliance with provisions and requirements of A-102 Common Rule, Section 21 OMB Circular A-110, Section 22 and HUD regulations pertaining to the requisition of Section 8 funds.

**Cause**

Lack of an established procedure to monitor the submission of required HUD forms within established timeframe.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2002-05

**Recommendation**

We recommend that **HATC** implement the necessary procedures to alert management of all required report submission deadlines. Furthermore, the current procedure for report submission should be revised to ensure the timely submission of all required reports.

**Management's Response**

**HATC's** required reporting procedures are being reviewed and coordinated with the HUD Field Office. This is also being addressed through required coordination with the Troubled Agency Center. Anticipated completion date is February 28, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2002-06

**Federal Program**

Housing Choice Voucher Program (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contributions Contract and 24 CFR Parts 812, 813, 887 and 982, as applicable.

**Condition**

Our review of five (5) Voucher Choice Program tenant files revealed four (4) instances where the tenant files contained no third party verification of income to support completed HUD Form 50058.

**Questioned Costs**

\$4,236

**Effect**

Noncompliance with the requirements of the Annual Contributions Contract and 24CFR Parts 812, 813, 887 and 982, as applicable.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX  
COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2002-06

**Cause**

Lack of adequate tenant file documentation, effective and timely follow-up and accountability system in place.

**Recommendation**

Management should re-evaluate its current tenant re-certification processes with an aim toward ensuring the completeness of all tenant files.

**Management's Response**

One hundred percent (100%) of HATC's tenant files for Low Rent and Section 8 Programs are undergoing validation to include re-certification. In addition, personnel are receiving additional training from professional staff. Anticipated completion date is March 31, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX  
COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number**

2002-07

**Federal Program**

Housing Choice Voucher Program (See Schedule of Expenditures of Federal Awards).

**Criteria**

Pursuant to the requirements of the Consolidated Annual Contributions Contract and OMB Circular A-133.

**Condition**

Based on our review of HATC's "SEMAP" report, we were unable to verify the certifications made in the report submitted to supporting documents as the documentation was unavailable.

**Questioned Costs**

None.

**Effect**

Noncompliance with requirements of the Annual Contributions Contract and OMB Circular A-133.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section III - Federal Award Findings and Questioned Costs, Continued**

**Reference Number, Continued**

2002-07

**Cause**

Lack of an adequate filing system.

**Recommendation**

Management should designate an individual with the responsibility to ensure that all reports submitted with the appropriate supporting documents, are properly filed and secured.

**Management's Response**

HATC's required reporting procedures are being reviewed and coordinated with the HUD Field Office. This is also being addressed through required coordination with the Troubled Agency Center. Anticipated completion date is February 28, 2003.



**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs**

**Reference Number**

2001-01

**Condition\***

The operations of **HATC's** internal control over financial reporting exhibited the following conditions:

- Our review of fifteen (15) cash disbursements for the month of September 2000, revealed fifteen (15) instances where invoices supporting disbursements were not cancelled to minimize the potential for duplicate bill payment.
- Also, our review of the fifteen (15) disbursements previously described, revealed in all instances the lack of clerical verification of the invoiced amounts.
- In addition, of the fifteen (15) cash disbursements reviewed, we noted an instance of improper account distribution.

**Current Status**

On September 3, 2002, a new Executive Director was hired by **HATC's** Board of Commissioners. The Executive Director immediately began reviewing all incoming invoices and disbursements for mathematical verification and approval. In addition a PAID stamp is now in use.

\*Repeated

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2001-02

**Condition\***

Our review of fifteen (15) cash disbursements for the month of September 2000, revealed nine (9) instances where the required documentation to support the basis for and type of procurement process used and resulting conclusions were unavailable.

**Current Status**

A review on all procurement procedures has been completed by the new Executive Director. HATC's procurement policy has been reviewed for update, and will be properly utilized.

**Reference Number**

2001-03

**Condition\***

The March 31, 2001 audited financial statements and reports for HATC were not submitted within the timeline dictated by LA R.S. 24:513.

**Current Status**

With a new Executive Director now in place all year end audit services will be advertised and procured in a timely manner to ensure timely submission.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2001-04

**Condition\***

Our review of the general fund operating bank account reconciliation revealed six (6) of the nineteen (19) outstanding checks listed bearing dates back to November 1998.

**Current Status**

Current procedures with fee accountant are under review for resolution of stale dated checks. The bank reconciliation review procedures will be updated to ensure timely approval and resolution of all open items. Anticipated completion date is January 2003.

**Reference Numbers**

2001-05 and 2000-01

**Condition\***

Our review of HATC's tenant accounts receivable balance at March 31, 2001 of \$2,782 revealed that approximately ninety-one percent of the balance was composed of inactive tenants.

**Current Status**

HATC's Board of Commissioners approved the write-off of the balance of uncollected rents at its October 2002, board meeting. Procedures are currently under review to update collection policies and pursue an aggressive collection of delinquent accounts. Anticipated completion date is February 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2000-02

**Condition\***

HATC was not in compliance with the income targeting requirements of QHWRA.

**Current Status**

The new management of HATC is currently reviewing HATC's compliance with requirements of QHWRA and anticipates resolution by no later than March 31, 2003.

**Reference Number**

2000-03

**Condition\***

The PHAMP reports and supporting documentation for the year ended March 31, 2000, were not available for review.

**Current Status**

The new management of HATC is currently reviewing HATC's document procedure and anticipates conclusion by no later than March 31, 2003.

**HOUSING AUTHORITY OF THE TOWN OF COLFAX**  
**COLFAX, LOUISIANA**  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

---

**Section IV - Status of Prior Years' Findings and Questioned Costs, Continued**

**Reference Number**

2000-04

**Condition\***

HATC did not have documentation to support the required 5% re-inspection of Section 8 units as detailed by the requirements of SEMAP.

**Current Status**

The new management of HATC is currently reviewing HATC's document procedure and anticipates conclusion by no later than March 31, 2003.

**Reference Number**

2000-05

**Condition\***

Inspection reports for three (3) Low Rent Program units were not available for review.

**Current Status**

The new management of HATC is currently reviewing HATC's document procedure and anticipates conclusion by no later than March 31, 2003.



**Member**

American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**

To the Board of Commissioners  
**Housing Authority of the Town of Colfax**

In planning and performing our audits of the financial statements of the **Housing Authority of the Town of Colfax (HATC)** as of and for the years ended March 31, 2002, and 2001, we considered **HATC's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audits, we became aware of matters that are opportunities for strengthening internal control and operating efficiency. We previously reported on **HATC's** internal control in our report dated August 28, 2002. This letter does not affect our report dated August 28, 2002, on the financial statements of **HATC**.

We have already discussed many of these comments and suggestions with **HATC's** personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

The following summarizes the suggestions regarding these matters:

**Condition**

Shared cost are not being allocated to the various programs managed by HATC on a consistent basis.

**Recommendation**

We recommend that management review its current cost allocation process with an aim toward ensuring the appropriate and consistent allocation of shared cost between the various programs managed by HATC.

**Management's Response**

The overall cost allocation methodology, is currently under review by HATC. In addition, the necessary personnel training will be addressed as part of the review process. Anticipated completion date is January 31, 2003.

**Condition**

Currently, HATC's accounting and program data are stored on-site.

**Recommendation**

We recommend that management evaluate its current disaster recovery plan. The evaluation process should include, at a minimum, consideration for periodic "back up" of all data and an off-site storage of HATC's "backed-up" computerized data.



**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

**Management's Response**

"Backed-up" data is currently available, however off-site storage is not practical at this time. Management will explore the possibility of an alternate location. Anticipated completion date is December 31, 2002.

**Condition**

Currently, HATC receives from its fee accountant monthly financial statements on a combined basis for the balance sheet and individual program statements of revenues and expenses.

**Recommendation**

Considering that the "REAC" reports submitted by the fee accountant have to be prepared on an individual program basis, and to facilitate HATC's ability to review its completed financial statements from an individual program prospective for completeness and accuracy, we recommend that the financial statement format be restructured to allow for the submission of individual balance sheets and statements of revenues and expenses for each program managed by HATC.

**Management's Response**

Management will meet and discuss with its fee accountant options available concerning restructuring of monthly statements. Anticipated completion date is January 31, 2003.

**INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT**  
**(CONTINUED)**

**Condition**

Considering the size of HATC, the important elements of internal control and segregation of duties cannot always be achieved to insure adequate protection and safeguarding of HATC's assets.

**Recommendation**

Management should continue to recognize the importance of internal control and segregation of duties.

**Management's Response**

Management is aware of the importance of segregation of duties. HATC's personnel size restricts the capability of segregation of duties by number alone. However, management will continue to actively participate in the activities of HATC.

\*\*\*\*\*

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, Legislative Auditor State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

August 28, 2002